चाहता हूं कि महाराष्ट्र में मुबई के पास जो एक नया अंतर्राष्ट्रीय हवाई अड्डा बनाने का प्रस्ताव हैं और जिस बारे में महाराष्ट्र सरकार ने,भारत सरकार को पत्र लिखकर अनुरोध किया हैं, वह प्रस्ताव आप के मंत्रालय में कहां लंबित पड़ा हैं? दूसरी बात, मैं यह जानना चाहता हूं कि मुम्बई में जो अंतर्राष्ट्रीय एअरपोर्ट आलरेडी हैसहार एयरपोर्ट, उस एअरपोर्ट के इंफ्रास्ट्रक्चर के साथ-साथ उस के नामांतरण का भी एक प्रस्ताव है जिस के बारे में महाराष्ट्र सरकार की तरफ से केन्द्र सरकार को छत्रपति शिवाजी का नाम दिया जाये। मैं जानना चाहूंगा कि इस प्रस्ताव का क्या हुआ और नए अंतर्राष्ट्रीय एअरपोर्ट बनाने के संबंध में प्रगति हो रही हैं?

SHRI ANANTH KUMAR: Sir, regarding the proposed international airport in Mumbai, we have to set up a committee. After the setting up of the committee, it would go into the details of the new international airport, especially, about its location.

Secondly, as regards the renaming of the present airport in Mumbai, it does not purport to the main question. However, if at all there is a proposal from the State Government, we will actively consider the same.

श्री संजय निरूपम : यह प्रस्ताव आप के मंत्रालय में बहुत दिनों से पड़ा हुआ हैं मेरे कहने का अर्थ यह हैं कि आप चूंकि शिव सेना और भारतीय जनता पार्टी के एलाएंस में से एक पार्टी का ऐसा सुझाव हैं कि अंतर्राष्ट्रीय एअरपोर्ट का नामाकरण छत्रपति शिवाजी के नाम पर होना चाहिए। इसलिए मेरा सुझाव है कि इस प्रस्ताव को गंभीरता से लिया जाये तो यह काम हो सकता हैं।

MR. CHAIRMAN: According to the hon. Minister, there is no recommendation, yet, of the State Government. When it comes, they would consider it.

Dr. Raja Ramanna. *(Interruptions)*

SHRI SATISH PRADHAN: Sir, the proposal is already there. *(Interruptions)*

MR. CHAIRMAN: Please sit down. Dr. Raja Ramanna, please. *(Interruptions)*

DR. RAJA RAMANNA: Mr. Chairman, Sir, I am a frequent user of the Bangalore Airport and I would like to say the following things.

Now that the new airport has still not been thought of, I would request the hon. Minister to reconsider the whole idea of using the present airport, i.e. HAL, as well as going in for a new one. I say this because what has not been done is to take into account the fact that Bangalore City has turned into a megalopolis. The area around HAL has become so congested that it is very difficult to reach even the present airport. Huge buildings have come up in this area. The traffic situation has become terrible. As regards the proposed airport at Yelahanka, it is on the other side. It is far away from the other growing cities of Karnataka. Therefore, I think, a new place should be thought of.

I would suggest to the hon. Minister—since he is new to the posititon—to reconsider the whole thing and not unnecessarily put Bangalore into a terrible situation which will be the case if the new airport comes at HAL or Yelahanka.

Thank you, Sir.

MR. CHAIRMAN: Question No. 184. *(Interruptions)*

डा0 वाई लक्ष्मी प्रसाद : सर, हैदराबाद को छोड़ दिया गया हैं। ... (**व्यवधान**) ...

MR. CHAIRMAN: Please sit down. Question No. 184, please. *(Interruptions)*

Suggestion of ADB for Devaluation of Rupee

*184. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Asian Development Bank (ADB) had recently suggested to Government for the devaluation of the Indian rupee;

(b) if so, the details thereof; and

(c) the reaction of the Government with regard thereto?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No Sir.

(b) Does not arise.

(c) Does not arise.

SHRI KRISHNA KUMAR BIRLA: Sir, it has been reported in some newspapers that the Asian Development Bank had been pressing India for early devaluation of the Indian rupee to maintain the country's external competitiveness in the wake of massive depreciation in currencies that has occurred in the East-Asian countries. I note, according to the answer given by the hon. Minister, that it was not so. The Indian rupee, at the time when the question was put, was ranging in the vicinity of Rs. 39.50 per US dollar and was certainly over-valued. Now it is the market that decides what the dollar should cost. Side by side, the Reserve Bank of India does interfere by purchase and sale of dollars to keep the rupee value within acceptable limits. As a result of the sanctions imposed by the United States and some other countries owing to the nuclear explosions by India at Pok-hran, the rupee has got devalued and is now in the vicinity of Rs 41.80 per US dollar. Thus, the rupee has depreciated by 5.50 per cent against 25 per cent by the Pakistani currency since the sanctions imposed by the United States against India and Pakistan.

The present policy of the Government, it appears, is of non-intervention which means that the Reserve Bank will not sell dollars to defend the rupee. The foreign exchange reserves are at a comfortable level of S 25.52 billion. Against this background, my first question is:

(a) Does the Government think that the existing level of the rupee is in order, or does the Government think that the rupee should get further devalued?

(b) At what rate of rupee will the Government feel that the Reserve Bank of India should intervene.

SHRI YASHWANT SINHA: Sir, as far as the outlook of the Asian Development Bank is concerned, the hon. Member is right in the sense that he might have seen some newspaper reports. The Asian Development Bank Commission's study has been published as "The Asian Development Outlook." That paper had talked about the massive depreciation of the currencies of some east-Asian currencies and, in that light, had suggested that the rupee also could depreciate. But we had checked it up with the Asian Development Bank. We did not have any advice from them. I would like to put it on record that the Asian Development Bank, in response to our query, has said, "We have no record of the Bank making any specific recommendation to the Government to devalue the Indian rupee." It was on that basis that I answered the question in the negative.

Sir, as far as the question of exchange value of the rupee is concerned, the hon. Member himself has pointed out that the rupee is now freely traded in the currency market. The exchange rate is fixed by the market, and the market is subject to various factors which influence it, including sentiments. The policy of the Government to ensure that the macro-economic fundamentals are in place and that the economy remains sound so that the rupee does not come under any undue pressure. The currency of a country can be strong only when the macro-economic fundamentals are strong.

As far as the currency market behaviour is concerned,, it is the policy of the Government to ensure that orderly conditions prevail in the market, that there are no speculative pressures allowed to develop and that we maintain the stability of the market as against the stability of the exchange value of the rupee. Therefore, in the recent month or 20 to 25 days or so, there have been, for various reasons, certain pressures on the rupee. The reserve Bank of India has the responsibility of keeping a day-to-day watch on the market. I want to assure the House that the conditions in the market

have been very orderly, that there has been no undue pressure on the rupee. There is no speculative pressure on the rupee. Where.ver we have felt speculative pressures, steps have been taken to ward off those pressures. The rupee is adjusting itself in terms of fhe value which the market thinks it should have and that is the policy by which the Government is proceeding at the moment.

SHRI KRISHNA KUMAR BIRLA: Sir, my second supplementary consists of two parts, part (a) and part (b). (a) What is going to. be the impact on the external loan as a result of devaluation? (b) The Finance Minister in his speech had said that the fiscal deficit will be around 5.6 per cent. How will this fiscal deficit get affected by the devaluation of the rupee? Sir, if the fiscal deficit gets affected, what steps will the Government take so that the fiscal deficit does not increase as a result of devaluation?

SHRI YASHWANT SINHA: Sir, as far as the external debt is concerned, the external debt of this country is denominated on 24 different currencies. All of them are not denominated against the Dollar loan., Therefore, it is in respect of these 24 currencies that an assessment will have to be made.

I would like to inform the House that while we might have depreciated against the Dollar in the recent days, we have also appreciated against some currency or we have not depreciated against all other currencies. In fact, I have information here and you might have noticed that there waS a report that the Japanese Yen has touched an all-time' low yesterday. I was looking at the figures and the Japanese Yen has devalued over the last 12 months "by a huge margin of over 18 per cent. Now, therefore, we have appreciated against the Yen. So, whatever loans we have against the Yen, they will get reduced to that extent in rupees. This is the calculation which we do, from time to time. I would like to say that while there might be some appreciation in terms of the rupee for the dollar-denominated loans. This is not something which will have a tremendous impact on our fiscal deficit. As far as the fiscal deficit is' concerned, the Government is very conscious, acutely aware of the problem of keeping fiscal deficit under check. We will do all that we can through the Budget and as the year progresses we will keep the fiscal deficit under control.

SHRI GURUDAS DAS GUPTA: Mr. Chairman, Sir, I have been listening very carefully to the hon. Finance Minister. He said that if the macro-economic fundamentals are strong, then, the exchange rate also is not likely to alter which means indirectly he is sending a message to the world that India's macro-economic fundamentals are weak and, therefore, the rate is getting depreciated. If this is the argument of the hon. Finance Minister of a country like India, it is going to send wrong signals to the market. Will he reconsider the statement that he has made? It is in a way justification. ...*(Interruptions)*... I know how to put supplementaries. I don't think there is any Vice-Chairman in the Chair.

Sir, the Finance Minister has said that there is no speculative pressure on the exchange rate of money. This is also a statement, maybe, without valid substance, I do not know. It is for him to substantiate it.

Part (a) of my question is: It is true that a number of nationalised banks, including the State Bank of India have been making massive purchases in the recent past when there was a steady decline of the external value of the money? They have been purchasing on behalf of foreign investors. In some cases that has led to a strain on the value of money. Is it true? On the one hand, the task of the Reserve Bank of India is to put a curb on depreciation and, on the other hand, a nationalised bank is purchasing heavily for unnamed foreign buyers. It is true? This is part (a) of my question.

Part (b) of my question is: Is it a deliberate attempt on the part of the Government of India to allow the currency to depreciate so that exports are cheap and the condition of internal recession is properly corrected?

SHRI YASHWANT SINHA: Mr. Chairman, Sir, I made a general statement that the policy of the Government is to ensure that the macro-economic fundamentals are so strong that there is no undue depreciation of the currency.

This was a general statement made in a general context, not necessarily relating it to the last twenty days. The second point is: I am acutely aware, as Mr. Gurudas Das Gupta, the hon. Member, is aware, that whatever I say as Finance Minister, in this House, is something which will have an impact on the exchange market, and therefore, I am trying to be as cautious as possible. I don't think I have said anything which has sent any wrong signal to the market. Now, he put many questions.

SHRI GURUDAS DAS GUPTA: I put a question about the SBI's role and about the deliberate attempt of the Government of India to allow the money to depreciate.

SHRI YASHWANT SINHA: Sir, the point that he has made about the SBI, appears to have been made in the nature of an allegation. I deny that allegation with all the emphasis at my command. It is not true that the SBI has been buying in the market for unnamed foreign sources or foreign agencies. As I said, Sir, the rupee is being bought and sold everyday, and some people are buying and some people are selling. The SBI is also a big player in the market. Sometimes, it buys, sometimes it sells, and I would like to assure the hon. Member that the SBI is not doing anything in the market which comes within the range of any suspicion.

Secondly, it is not the policy of the Government to allow the depreciation of the rupee or appreciation of the rupee. I have stated the policy of the Government. After a decision was taken by the Government, of which the present Leader of the Opposition was the Finance Minister, to go in for complete current account convertibility, the rupee became a tradeable commodity in the exchange market, and I would like to repeat, Sir, the Government's concern continues to be to ensure that orderly conditions prevail in the market. I also said—and I would like to correct the hon. Member's impression—in reply to the hon. Member, Mr. Birla's question that whenever we have felt that a speculative pressure has mounted on the rupee, steps have been taken by the RBI to ward off that speculative pressure. That is what I have said.

DR. MANMOHAN SINGH: Mr. Chairman, Sir, in the last thirty-six hours, a sort of turbulence has appeared in the international exchange market. As the hon. Finance Minister has mentioned, the Yen has depreciated by a record amount and the markets are flushed with rumours that that is not the end of the depreciation of the Yen. Markets are also afloat with rumours that as a consequence of this depreciation of the Yen, the East-Asian currencies would come under further pressure. There are also rumours about the possible devaluation of the Chinese currency. Would the hon. Finance Minister enlighten the House if the Government have a contingency plan to deal with such a situation?

SHRI YASHWANT SINHA: Sir, the hon. Leader of the Opposition is quite right that I had referred to the depreciation of the Yen against the Dollar. According to my information in the last one year, from the 7th of June to the 8th of June this year, the Japanese Yen has depreciated to the extent of 18.8 per cent against the US Dollar. As against that, during the same period, the depreciation of the rupee has been only 14.3 per cent, of which 5.4 per cent is in the recent past. I am also aware of the fact that the depreciation of the Japanese

Yen has impacted on the currencies of East-Asia which have been under pressure since before, and the hon. Members arc aware that there has been a massive depreciation of *the* East-Asian currencies also during the last twelve months. I would like to say in this context that we are keeping a very close watch on the situation. We all have to recognise the fact that for various reasons the US dollar is generally strengthening in the international market. It is strengthening more particularly against certain currencies. We are keeping a close watch on the situation. I would like to assure the House that the Government of India would take the necessary steps to meet the challenge. As I said there are orderly conditions and there is no attack on the Rupee. If the/e is any such situation, I would confidently say, we arc in a position to meet the challenge of that kind of a situation.

SHRI ASHOK MITRA: Sir, the issue is whether there is any concerted montary policy of the country to defend the Rupee against external pressures. I remember that some days ago I had put a question in the House enquiring that in the course of the past three months for how many days the Reseve Bank of India was defending the Rupee by purchasing rupees in the market and disposing of dollars, whereas the State Bank of India was doing precisely the reverse by buying dollars. There should have been some coordination. We say the State Bank of India is the leading commercial bank of the country. It was almost at war against the Reserve Bank of India. Can we call this a concerted monetary policy? So, I would like to know for how many days trie State Bank of India revolted against the nation's monetary policy. On that I want a straight answer from the hon. Minister.

Sir, the hon. Minister said that if speculative forces are at work, we have enough instrumentalities in our hands to defend the Rupee. What those are, I would like to know. You have made the Rupee freely convertible. So, speculators and investors from outside are free to come and indulge in all kinds of speculative activities inside the country and walk away with huge foreign exchange. Of late, in the last fortnight we have been seeing in our stock markets that Indian equities arc continuously going down. It is all because foreign institutional investors arc speculating against the weaker equities. They have a certain game plan. They want to lower the price of our equities so that they can purchase some of the companies at cheap prices. But, the much greater danger lies, for example, if speculators really start operating against our currency. Sir, the hon. Minister said that if somebody comes with a trillion dollars, you have only 25 billion dollars with which to defend. What instrumentalities do you have in order to defend the Rupee?

SHRI YASHWANT SINHA: Sir, first of all, I would like to completely disabuse the hon. Members mind about the role of the State Bank. It is not, and I repeat, it is not that the RBI and the State Bank of India are operating in the exchange market at cross-purposes. It is just not true. The State Bank of India plays its role in the market as a bank and in consultation and in full coordination with the RB-I.^-So, let us not, please, entertain any doubts about the role...

SHRI ASHOK MITRA: Mr. Minister, if I can interrupt you for a minute, if you say they arc working in perfect coordination, how is it that on the same days the RBI has been selling dollars and the SBI is selling rupees and vice versa? This has happened. You can check on your re-•cords. You can kindly enlighten us as to why it has come about.

SHRI YASHWANT SINHA: *Sir,,* my record shows that the Reserve Bank of India has not intervened in the market, and when the Reserve Bank of India has not intervened in the market, where is the question of State Bank of India and Reserve Bank of India working at cross purposes? That is just not true. I mean, let us not send wrong kind of signals

because all of us are very responsible people sitting here, and it is not only my responsibility but also the responsibility of the .whole House, Sir, that no wrong signal should be sent to the market. Now, the State Bank of India ....*(Interruptions)*....

SHRI ASHOK MITRA: It has been reported .....*(Interruptions)*....

SHRI GURUDAS DAS GUPTA: How much has SBI purchased? ..... *(In terruptions)*....

MR. CHAIRMAN: Mr. Gurudas Das Gupta, he is quite sufficient to ask the question *(Interruptions)* ... He is quite sufficient to ask the question.

SHRI YASHWANT SINHA: Sir, SBI, other banks, other operators are, as I said buying and selling dollars. There would be days when the SBI would be buying dollars; there would be days, after an hour, they would be selling dollars, and the reverse is also true. It is a market in operation, and the market will operate. I am not controlling the market, this House is not controlling the market; the market has its own mechanism, and the various players in the markel will behave in their best interests, and the SBI will behave in the nation's best interests in terms of the exigencies of the market as they develop.

Now, the second point which was made by the hon. Member was in regard to the role of speculators. I would like to assure the Members that while we have current account convertibility, we are still far from capital account convertibility. We are not placed in the same position as some of the other countries are. We are also not placed in the same position as some of the East Asian countries are, bacause, as I said, our short-term debts are very much under control and the kind of one what was created in the East-Asian countries it is just not possible in Indian situation, and, therefore, the speculators, to whom I referred, are speculators who want to make a little money m the market on a daily basis, and even if these people mount a jincssurc on the rupee in flic exchange mtrkct, the point. Sir I made was that then the RBI will come and will sec to it that the speculators arc not allowed to play any role, but if the rupee is adjusting in the course of trading, and the adjustment is orderly, then there is no reason for the Government to come in and say, wc want to peg the rupee at this level. That is exactly the policy which was abandoned, and there is no desire on the part of the Government to go back to a pegged value of the rupee.

SHRI PRANAB MUKHERJEE: Sir, my supplementary arises out of the reply to the main question. The Finance Minister, while replying to Mr. Birla's question, indicated that we need not be worried over the total quantum and the impact of our external loan as our external loan is denominated in 24 currencies and there may be some inbuilt adjustments with the appreciation and the de-preciation of various currencies. If 1 understand that our external loan is around 91 or 92 billion dollars— 1 hope, I am not sending any wrong, signal — I would like to know from the hon. Minister as to what exactly the percentage of this loan is in terms of dollars *vis-a-vis* in terms of other currencies.

SHRI YASHWANT SINHA: Sir, roughly 50 per cent of our loan is denominated in terms of dollars and 50 per cent is distributed to the rest of the currencies.

Telecommunication Facilities in Tamil Nadu

*185. SHRI S. MUTHU MANI : Will the Minister of COMMUNICATIONS be pleased to state :

(a) the steps taken by Government to provide telephone and STD facilities in the tribal and remote rural areas of Tamil Nadu;

(b) the number of telephones/STD facilities provided in such areas of the state during the last three years, year-wise;